

Message Text

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ORIGIN EUR-12

INFO OCT-01 ISO-00 PM-04 CIAE-00 INR-07 NSAE-00 DODE-00

EB-07 COME-00 TRSE-00 L-03 PRS-01 ERDA-05 OMB-01

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DRAFTED BY DOD/OASD/EUR.CLLOYD
APPROVED BY DOD/OASD/EUR:DMCAULIFFE
EUR/CE:RBCASAGRANDE
EUR:RDVINE

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P 162056Z JUL 76
FM SECSTATE WASHDC
TO AMEMBASSY BERN PRIORITY

C O N F I D E N T I A L STATE 176890

E.O. 11652: GDS

TAGS: MASS, MARR, EGEN, SZ

SUBJECT: SWISS AMBASSADOR'S CALL ON ASD/ISA MCAULIFFE

1. AT HIS REQUEST, SWISS AMBASSADOR PROBST CALLED ON ASD/ISA, EUGENE V. MCAULIFFE AT THE PENTAGON AFTERNOON OF 15 JULY TO DISCUSS STATUS OF F-5 OFFSET PROGRAM. AMBASSADOR'S PRIME CONCERN WAS TO URGE US NAVY PROCUREMENT OF SWISS-MADE SLOW-DIESEL ENGINES FOR NAVY TANKERS. PROBST SAID THAT ENGINE MANUFACTURER WOULD BE WILLING TO ASSIST IN ANY NECESSARY REDESIGN OF THE FIRST FIVE BEING BUILT BETWEEN 1976 AND 1978. THE AMBASSADOR SAID SWISS FELT THAT ANY DIRECTION CALLING FOR A REVIEW OF PROCURING THE SWISS ENGINES FOR THE FIRST FIVE SHOULD COME FROM A VERY HIGH LEVEL IN DOD.

2. -MCAULIFFE NOTED THAT NAVY IS ABOUT TO AWARD CONTRACT WITHIN VERY FEW DAYS, AND CITED CONFIDENTIAL

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POTENTIAL COSTS OF ANY REDESIGN TO ACCOMMODATE

SWISS ENGINES. HE SAID US NAVY HAS INDICATED A WILLINGNESS TO CONSIDER THE SLOW DIESEL FOR THE SECOND GROUP OF FIVE TANKERS BUT THEIR AWARDS WOULD NOT COME UNTIL 1980. DASD (EUROPE AND NATO) M.W. GILTMAN URGED THE SWISS NOT TO PUT THEMSELVES INTO A POSITION WHERE SWISS PRESS COULD SEIZE UPON LIKELY US DECISION NOT TO PURCHASE SWISS DIESEL ENGINES FOR TANKERS AS ANOTHER OFFSET "FAILURE" FOR THE GOS.

3. PROBST ALSO INFORMED MCAULIFFE THAT SWISS EMBASSY HAD ATTENDED ERDA HEARING ON SWISS PROTEST. HE SAID HE WAS NOT CONFIDENT THAT ERDA'S REJECTION OF BROWN-BOVERI PUMPING EQUIPMENT BID WOULD BE REVERSED.

4. SWISS RESPONDED TO QUESTIONS ABOUT OTHER OFFSET OPPORTUNITIES BY INDICATING THAT EMBASSY WASHINGTON IS WORKING ON SWISS PARTICIPATING IN SUPPLYING EQUIPMENT FOR THE AIR FORCE TEST CENTER AT TULLAHOMA, TENN. AND ON PARTICIPATING IN THE ARMY CORPS OF ENGINEERS WORK IN SAUDI ARABIA. SWISS MENTIONED AN UPCOMING PURCHASE OF 48 FLYWHEELS BY NAVY COSTING ABOUT \$700,000 EACH, SAYING THE BROWN-BOVERI FIRM HAS A TECHNOLOGICAL ADVANTAGE. THEY ACKNOWLEDGED THAT NORTHROP AND GE HAVE PRODUCED \$6-\$7 MILLION IN OFFSET CONTRACTS. HABIB

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